EUROPEAN COMMISSION



Brussels, 25 March 2020

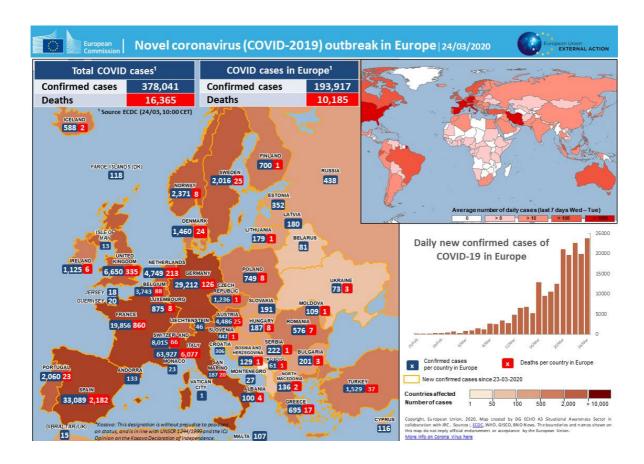
NOVEL CORONAVIRUS (COVID-19) CRISIS STATE OF PLAY OF MEASURES TAKEN BY THE COMMISSION

INFORMATION NOTE FROM THE EUROPEAN COMMISSION

1. Situational update

The fast **evolving nature** of the COVID-19 crisis and the significant number of unknowns that come with it have led to unprecedented challenges for healthcare systems, including containment measures across the Union, as well as dramatic socio-economic effects.

On 11 March, the World Health Organization (WHO) declared COVID-19 a global pandemic. Two days later, the WHO stated that **Europe had become the epicenter of the pandemic**, with more reported cases (193,917) and deaths (10,185) than the rest of the world combined, apart from China¹.



Beyond the impact on public health, the COVID-19 outbreak is having a major disruptive impact on European **cross-border mobility and transport.** As of 23:00 hrs on 24 March, with the exception of Ireland, all Member States have now introduced **border restrictions or border closures**. Ten Member States have fully closed their borders and a further sixteen Member States have partially closed their borders. Airports in five Member States

As of 24 March 2020, 10,189 deaths have been reported in the EU/EEA and the UK: Italy (6 077), Spain (2 182), France (860), United Kingdom (335), Netherlands (213), Germany (126), Belgium (88), Austria (25), Sweden (25), Denmark (24), Portugal (23), Greece (17), Hungary (8), Luxembourg (8), Norway (8), Poland (8), Romania (7), Ireland (6), Bulgaria (3), Iceland (2), Czech Republic (1), Finland (1), Lithuania (1) and Slovenia (1). These numbers are sadly increasing rapidly.

¹ As of 24 March 2020, 193,917 cases have been reported in the EU/EEA and the UK: Italy (63 927), Spain (33 089), Germany (29 212), France (19 856), United Kingdom (6 650), Netherlands (4 749), Austria (4 486), Belgium (3 743), Norway (2 371), Portugal (2 060), Sweden (2 016), Denmark (1 460), Czech Republic (1 236), Ireland (1 125), Luxembourg (875), Poland (749), Finland (700), Greece (695), Iceland (588), Romania (576), Slovenia (442), Estonia (352), Croatia (306), Bulgaria (201), Slovakia (191), Hungary (187), Latvia (180), Lithuania (179), Cyprus (116), Malta (107) and Liechtenstein (46). These figures are evolving rapidly.

remain fully open with the remaining Member States having implemented restrictions on arrivals and flights.

Despite no Member State having introduced a ban on freight, land-based supply chains, particularly roads which today account for 75% of freight transport, have been severely affected by the introduction of entry bans at land borders, and/or restrictions on professional drivers accessing certain Member States. Recently recorded waiting times at certain internal EU borders went beyond 24 hours, even for medical supplies. Most notably, long tailbacks of traffic have been reported at the border crossings of Slovenia-Croatia, Czechia-Slovakia, Poland-Lithuania, Poland-Czechia, Germany-Poland and Hungary-Romania. So far, only three Member States have put green lanes in place to try to ease this congestion.

In terms of **movement restrictions on citizens**, there are currently national lockdowns in force in twenty-three Member States with varying degrees of severity. Schools and universities are closed in all Member States. Shops, restaurants and bars are closed in twenty-four Member States, either voluntarily or through decree. Three Member States still have no restrictions in place.

Most Member States have started to put **economic and financial aid packages** in place to mitigate the economic effects of the crisis. So far, seventeen Member States have officially declared a state of emergency.

Regarding the **availability of personal protective equipment**, disinfectants and other medical supplies and equipment, there are shortages in twenty-six Member States with only Finland currently reporting having sufficient stockpiles. Most Member States are working to scale up production and a number of Member States are receiving or expecting to receive equipment from China in the next few days.

The Commission has created <u>a dedicated website</u> that covers the different work strands and is updated in real time².

2. The European Union's response

The European Commission is coordinating a common European response to the COVID-19 crisis and is supporting the Member States in tackling the pandemic. While Member States are on the frontline, the Commission has proposed an **unprecedented set of measures** as an enabling framework to reinforce and facilitate the efforts by the Member States to tackle the pandemic.

The COVID-19 pandemic has led to a **major economic shock** that is already having a significant negative impact in the European Union. The consequences for the EU economy will depend both on the duration of the pandemic and on the measures being taken by national authorities and at the European level. Member States have already adopted, or are adopting budgetary measures to increase the capacity of their healthcare systems and to provide relief to citizens and sectors that are particularly hard hit.

The impact of the pandemic on the EU economy could reduce real GDP growth by 2.5 % in 2020 compared to a situation with no pandemic. As a result, real GDP could contract by 1% in the EU in 2020. The uncertainty surrounding the extent and duration of the economic

 $^{^2\} https://ec.europa.eu/info/live-work-travel-eu/health/coronavirus-response_en$

impact of the coronavirus crisis remains high as the crisis continues to evolve. In the event of an extended crisis up to the beginning of June or beyond, the fall in economic activity in 2020 could be comparable to the contraction of 2009, the worst year of the economic and financial crisis³.

It is clear that the coronavirus pandemic will have a very severe detrimental impact on Europe's economy. The challenges are unique in comparison to previous economic shocks in that whole sectors of the economy are closed down, international supply chains are severely disrupted and the movement of people is being restricted.

This forecast underlines the importance of a **resolute and unprecedented response** to the crisis, in order to mitigate the economic repercussions. To cushion the blow to people's livelihoods and the economy, the Commission adopted a <u>comprehensive economic response to the outbreak</u> on 13 March, followed by the adoption of the <u>Temporary Framework for State Aid Measures</u> on 19 March and the <u>proposal to activate the general escape clause of the Stability and Growth Pact (SGP) on 20 March.</u>

As part of its commitment to use all economic policy tools at its disposal to support Member States, the Commission proposed to apply the full flexibility of the EU fiscal rules by activating the general escape clause of the Stability and Growth Pact for the first time ever. The Commission considers that the conditions for the use of the general escape clause of the EU fiscal framework – a severe economic downturn in the euro area or the Union as a whole – are fulfilled. The activation of the general escape clause will allow Member States to pursue a fiscal policy that facilitates the implementation of all measures necessary to deal with the crisis while remaining within the rules-based framework of the SGP.

In addition, the Commission adopted a temporary framework for State aid measures to enable the Member States to support the economy, applying the full flexibility of the framework in the context of the COVID-19 pandemic. The Commission stands ready to work with all Member States to ensure that national support measures to tackle the COVID-19 pandemic can be put in place in a timely manner.

Alongside these overarching macroeconomic measures, the Commission also adopted a €37 billion Corona Response Investment Initiative to grant support to the healthcare sector, to the labour market and to support small and medium enterprises from all affected sectors. Furthermore, the EU budget will deploy its existing instruments to support small and medium enterprises with liquidity, complementing thus the measures taken at national level.

2.1 Public health measures

The priority of the European Commission is to save as many lives as possible. This is why it is taking all necessary steps to coordinate with Member States and to facilitate the **supply of protective and medical equipment** across Europe. In addition, the Commission is reorienting existing **research funding** and increasing new funding to find, mass-produce and deploy an effective vaccine.

The availability and supply of personal protective equipment and other medical devices, in particular ventilators, across Europe remains concerning. Most Member States have

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³ Forecast included in the <u>Communication from the Commission to the Council on the activation of the general escape clause of the Stability and Growth Pact COM(2020) 123.</u>

limited stockpiles and limited capacity to scale up production. Commission internal estimates show that the 'traditional' supply will only be able to serve ca. 10% of the demand. The Commission is working with the industry and Member States to maximise the availability of masks, gloves, gowns and other medical supplies. Efforts include increasing production by existing manufacturers, facilitating imports and activating alternative ways of producing equipment.

Given the shortage of this material, the Commission has launched four **joint procurements** with Member States to facilitate and accelerate the procurement process for medical equipment:

- On 28 February, the Commission launched a call for tenders for personal protective equipment.
- o On 17 March, the Commission launched a tender for additional categories of personal protective equipment.

These first joint procurements have proven successful. As of 24 March, producers have made offers covering, and in some cases even exceeding, the quantities requested by the 25 Member States that take part in the procurement, for every single item requested. The equipment should be available two weeks after the Member States sign the contracts with the bidders, which is expected to happen in the following days.

- o On 17 March, the Commission launched a tender for ventilators with 25 Member States participating. The deadline for submissions is 26 March.
- On 18 March, the Commission launched a new public procurement for laboratory equipment and test kits with 19 Members States participating. The deadline for submissions is 31 March.

In order to protect the availability of supplies of this material, and in order to respond to various different national export restrictions affecting circulation of such goods within the single market, on 14 March, the Commission adopted an <u>implementing Regulation</u> making the exports of personal protective equipment subject to an **export authorisation** by Member States. This measure will be valid for a six-week period, during which Member States will be consulted on the potential adaptations and scope of the current measure and future steps. In the meantime, the Commission is maintaining pressure on Member States to abide by the law, their political commitments and their own self-interest, in order to lift or moderate existing national restrictions. No Member State is self-sufficient in the necessary protective and medical equipment.

As a further safety net, on 19 March, the Commission adopted an act to enable strategic **rescEU stockpiling** of medical equipment such as ventilators, personal protective equipment, reusable masks, vaccines and therapeutics and laboratory supplies. The Commission will finance 90% of the costs of the stockpiling and will manage the distribution of the equipment to ensure it goes where it is needed most.

To complement these efforts, and based upon the urgent request of the Commission, the European Committee for Standardization (CEN) and the European Committee for Electrotechnical Standardization (CENELEC) agreed on 20 March to **make a number of European standards available** for certain medical devices and personal protective

equipment. This action will help both EU and third-country companies to swiftly begin production and more easily place products on the internal market while still ensuring quality and a high degree of safety.

Furthermore, on 17 March, the Commission established a **COVID-19 advisory panel** composed of a team of seven leading epidemiologists and virologists from different Member States. The panel will formulate science-based EU-level best practice recommendations on coordinated risk management. Following their advice, the Commission has issued the <u>first guidance on community measures</u> and <u>testing strategies</u>.

In terms of research funding, the Commission has already mobilised \in 140 million of funds and selected 17 new projects. Furthermore, on 16 March, the Commission made available **financial support to CureVac** (up to \in 80 million from Horizon2020), a global leader in this effort, to scale up development, production and deployment of a vaccine against Coronavirus.

2.2 Border and travel measures

Beyond the public health impacts, the COVID-19 pandemic is having a **major disruptive impact on European cross-border mobility and transportation**, given the close interlinkages of European supply chains, supported by an extensive network of freight services on land, at sea, and airborne. The Commission is working with Member States to ensure the flow of essential goods across land borders.

The introduced measures to slow down the spread of the virus have sometimes also slowed down and paralyzed transportation. The Commission has taken action on several fronts to ensure that EU-wide supply chains continue to operate.

At the internal borders, the introduction of temporary border controls is possible if justified for reasons of public policy or internal security. At the same time, the single market has to be protected and the circulation of goods should be guaranteed. In this context, on 16 March, the Commission issued guidelines for border management measures to protect the health of our citizens and to ensure the availability of goods and essential services.

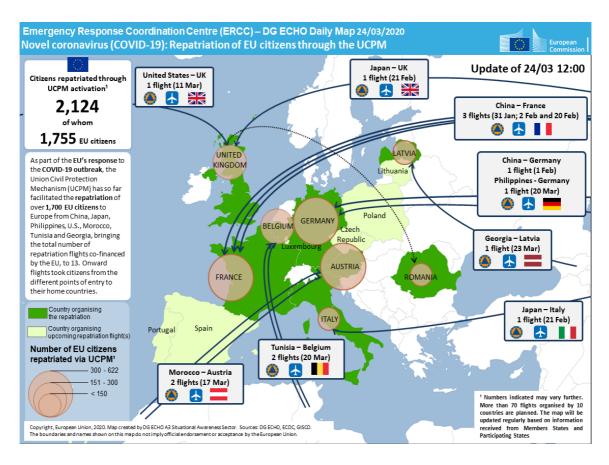
In order to keep freight moving across the EU during the current pandemic, on 23 March, the Commission issued <u>practical advice on the implementation of the Green Lanes</u> under the Guidelines for border management measures. Member States are requested to, without delay, designate all the relevant internal border-crossing points on the trans-European transport network (TEN-T) as 'green lane' border crossings. The green lane border crossings should be open to all freight vehicles, whatever goods they are carrying. Crossing the border, including any checks and health screening, should not take more than 15 minutes.

With regard to the external borders, on 16 March, the Commission proposed <u>temporary</u> <u>restrictions on non-essential travel on non-EU citizens</u>, which was endorsed unanimously by the EU leaders on 17 March. All Member States (with the exception of Ireland) and the Schengen Associated States are now applying travel restrictions from third countries. The travel restriction is for 30 days, which can be prolonged depending on further developments. The travel restriction does not apply to EU citizens and citizens of Schengen Associated States and their family members nor to those with a residence status based on EU or national law. It should also not apply to travelers with an essential function or need such as healthcare professionals and researchers, frontier workers, diplomats,

military personnel or humanitarian aid workers in the exercise of their functions or persons in need of international protection or for other humanitarian reasons.

Lastly, on 18 March, the Commission updated the <u>guidelines</u> for ensuring that EU passenger rights are applied in a coherent manner across the EU. The guidelines cover the rights of passengers when travelling by air, rail, ship or bus/coach, maritime and inland waterways, as well as the corresponding obligations for carriers.

In addition, together with High Representative/Vice President Borell, the Commission is supporting Member States to bring home the over 300,000 citizens that are stranded around the world. Since the beginning of the outbreak, the European Civil Protection Mechanism has facilitated the **repatriation** of more than 1,755 EU citizens to Europe from Wuhan, Japan, Morocco, Tunisia and Georgia. More than 70 additional flights are planned to bring back EU citizens from Argentina, Cuba, Costa Rica, the Dominican Republic, Panama, Peru, Mexico, Jordan, Chad, Sudan, India, Indonesia, Nepal, Maldives, Sri Lanka the Philippines, Seychelles and Vietnam.



Summary of repatriation flights as of 24 March 2020: source Member States via Common Emergency Communication and Information System (CECIS)

2.3 Economic measures

To mitigate the socio-economic impact of the COVID-19 pandemic, on 13 March, the Commission adopted a <u>Communication on a coordinated economic response to the COVID-19 outbreak</u>, focusing on the European response.

Following the communication, the Commission proposed to use the full flexibility foreseen under State aid and thereafter adopted a <u>Temporary Framework for State Aid Measures</u>. These measures will be in place until December 2020 and can be extended further if needed. Furthermore, the Commission has put all necessary procedural facilitations in place to enable a **swift Commission approval process**. The Commission has created dedicated mailbox and phone number, which is operational 7 days/week, to assist Member States with any questions they have. Decisions are being taken within days of receiving a complete State aid notification from Member States, where necessary. As of 24 March, the Commission has approved 16 aid schemes related the Coronavirus pandemic. A full list of the approved schemes can be found on the <u>economy section of the Commission's coronavirus response website</u>.

Additionally, on 20 March, the Commission proposed to activate the **general escape** clause of the Stability and Growth Pact (SGP) as part of its strategy to quickly and forcefully respond to the coronavirus pandemic in a coordinated manner. This will allow exceptional health care expenditure and targeted relief measures for firms and workers. In addition, the Commission is ready to adjust the requirements for fiscal efforts from Member States in case of negative growth or large decreases in activity. This measure was endorsed by EU Finance Ministers on 23 March.

To complement these supporting measures, the Commission is mobilising the EU Budget to leverage and redirected investments where they are needed. To this end, the Commission proposed a € 37 billion Coronavirus Response Investment Initiative and made a series of proposals on 13 March to amend legislation that will allow Member States to benefit from more financial back-up and targeted assistance. The Council has agreed to the initiative but is awaiting agreement by the European Parliament at its Plenary meeting on 26 March.

The Commission also proposed to extend the scope of the **EU Solidarity Fund** to health crises and to make € 800 million available for the hardest hit Member States. This proposal needs to be approved by the European Parliament this week. And the Commission also proposed to redirect €1 billion from the EU budget as a guarantee to the **European Investment Fund** to incentivise banks to provide liquidity to SMEs and midcaps. The Eurogroup welcomed this proposal on 16 March.

The COVID-19 pandemic is also having a major impact on the **European aviation industry**. In order to help lessen the impact of the outbreak, the European Commission <u>put forward targeted legislation</u> on 10 March to prevent airlines from operating 'ghost flights' by complying with "use-it-or lose-it" rule – whereby air carriers must use at least 80% of their airport slots to keep them for the next year.

2.4. International response and participation in international fora

On 24 February, the European Commission announced an **aid package worth €232 million** to support the World Health Organization (WHO), in particular the global preparedness and response global plan. Part of these funds (€15 million) were allocated in Africa, including to the Institute Pasteur Dakar, Senegal to support measures such as rapid diagnosis and epidemiological surveillance. €100 million will go to urgently needed research related to diagnostics, therapeutics and prevention, including €90 million through the Innovative Medicines Initiative, a partnership between the EU and the pharmaceutical industry. Finally, €3 million were allocated to the EU Civil Protection Mechanism for repatriation flights of EU citizens from Wuhan, China.

In addition, together with the President of the European Council, President von der Leyen is participating in both the **G7 and the G20** on behalf of the European Union to present the efforts by the EU within the European Union and externally to combat the pandemic and to respond effectively to the economic impact of the crisis. These for a provide effective and visible platforms for the European Union to provide leadership and participate in the coordination of the global health and economic response. In this regard, President von der Leyen and President Michel participated in an extraordinary G7 Leaders' call on 16 March 2020 and will participate in an extraordinary G20 Leaders' call on 26 March 2020.